which produces a considerable surplus of goods and services which it is prepared to place at the disposal of the world. Owing to the possession of this surplus it becomes a market in capital, and so gets a considerable jobbing business, but the backbone and foundation of its position must be, in the end, industrial activity in the widest sense of the word. It therefore seems that the Committee's argument that the free flow of capital is essential to the maintenance of London's finance might have been reinforced by the very much stronger one that it is essential to the recuperative power of British industry, which will need every assistance it can get in order to re-establish itself after the war.

The Committee points out that " any legislation which would tend to impede or restrict the free flow of capital here by imposing restrictions or creating impediments ought to be jealously watched, lest in the endeavour to prevent what has come to be called ' peaceful penetration' the normal course of commercial development should be arrested," and it goes on to observe that at the end of the war, " if it should be concluded upon such terms as we hope and anticipate," it is not likely that our present enemies will be in possession of capital looking for employment abroad. This is certainly very true. By the time the Germans have made the reparations, which will involve so much rebuilding in Belgium

and in the parts of France that they have overrun and swept clean of industrial plant, and have in other respects made good the damage which their ruthless and uncivilised methods of warfare have inflicted, not